# Kluwer Patent Blog

## Sustainability and IP

Thorsten Bausch (Hoffmann Eitle) · Tuesday, June 18th, 2024

A report on OxViews 9th IP and Competition Forum and the Osnabrücker Patenttage 2024

The question on how intellectual property and specifically patents can contribute to sustainable innovations that contribute towards the both inevitable and highly desirable transition towards a CO2-neutral economy happened to be the key subject of no less than two conferences that I had the pleasure to attend within the last 5 days. The conference of Prof. Mary-Rose McGuire and her team of students at the University of Osnabrück came first (14. June 2024) and presented interesting insights into very practical developments in industry (sustainable packaging materials made of corrugated cardboard to replace plastic packs) as well as lectures about the compatibility of sustainability agreements with EU anti-competition law and about key technologies and accession rights. The 9th Intellectual Property and Competition Forum organized by Prof. Roya Ghafele, Managing Director of OxFirst, was then held a few days later in the impressive premises of the Palace of Justice in Munich as an international two day conference. Let me report a little on the first day (18. June 2024).

### Welcome Adress / Keynote Speech

After the opening of the conference by the Chair the attendees were greeted by Dr. Thomas Erner from the Bavarian Ministry of Justice, who read out a pleasantly short welcome address on behalf of the Bavarian Ministry of Justice. It seems to me that the Ministry is well aware of the value that IP has for the Munich region, and that this led the Ministry to allow one of its largest court rooms to be used for this very international conference. Dr. Erner did not fail to boast the “state capital of Munich” as a leading center of patent disputes in Europe, referencing the GPTO, the EPO, the Regional and Higher Regional Courts of Munich, the Local and Central Division of the UPC, and the Max-Planck-Institute. He further acknowledged the Commission’s recent legal acts in the field of SPCs, SEPs etc. and did not fail to mention that patents play a major role for securing innovations and sustainability, also in the transition towards renewable energies.

The first keynote speech was then delivered by Judge Tobias Pichlmaier from the UPC LD Munich. He focused on the question whether the UPC has been successful so far and whether it will help to achieve more unity, more integration in Europe. Perhaps unsurprisingly, he answered both questions with yes.

Romania will become 18th member state in September. Ireland is expected to hold a referendum „soon“ (see my recent blog on this). 19% of all European Patents granted last year (more than

28000) were unitary patents. There was a big opt-out wave in the beginning, but on the whole the figures are encouraging. The same is true for the case numbers of the UPC, now counting 271 UPC proceedings by end of May 2024. Judge Pichlmaier remarked:

> "My own perception is that we have so much work that we needed a second panel. That's not a bad start at all. Cooperation in a mixed panel and with Technically Qualified Judges points the way forward towards a European court".

Mr Pichlmaier certainly is correct in observing that confidence into the UPC is essential and they are working towards this goal in earnest. As if to substantiate his earlier report about the court's appreciable workload, he concluded:

> "I very much regret not to be able to attend this conference, but UPC works takes precedence. My preparation for tomorrow's hearing will start in half an hour."

and left the building. Fortunately he left the audience with Judge Brinkman from the LD The Hague of the UPC, who greatly contributed to the liveliness of the conference day by asking very pointed questions time and again. At this point, I should add that all speakers and particularly the judges made the usual disclaimers, i.e. that they were expressing their own and private opinions and that nothing they say at this conference should be used in court.

## UPC – Panel Discussion

A panel chaired by David Por, A&O Shearman, and including counsels from HP (Pippa Wheeler), ZTE (Juliane Buchinski), and DLA Piper (Constanze Weck) took up the ball from Pichmaier J. and basically confirmed his favorable impression of the UPC's first year. In particular, it was observed with admiration and a bit of surprise that the UPC was so flexible to open a 2nd panel in Munich within such a short time. This is certainly a sign that the court takes things seriously and answers to the needs of the users.

One member of the panel observed that there seems to be a bit of a race between German (and other national) courts and the UPC. German courts now grant injunctions even more quickly than in the past.  But only UPC will regularly grant injunctions with a cross-border effect (within the UPC territory).

The panel further guessed that less experienced non-German judges will learn very quickly from their colleagues, particularly when it comes to grant of injunctions. Nonetheless, the quick formation of the new bench and expansion of the Court's capacities is reassuring in that it shows that quality will not be sacrificed at the expense of speed (EPO, please listen!).

The panel also welcomed the quick injunctions granted by the UPC but noted that such remedies are rather not needed in SEP cases, where the patentee normally wants the  infringer to continue but pay for its activities; thus the case is „only" about money. The opinion was voiced that it would not be proportionate to use injunctions against the defendants in such cases.

The panel did not completely agree on whether there will likely be a lot of discussions about

proportionality defenses in the UPC. The question whether an injunction is proportionate will probably play a role mainly in PIs.

In regard to damages, the question was raised whether EP practice should change to become more similar to US? Right now, the standard still is:

> „If you want damages, go to the US – don't go to Europe".

Compared to the past, the big difference made by the UPC will be that damages are now awarded for UPC territory, not only for DE. But it was generally believed that they will never reach US orders of magnitude. On the other hand, the UPC will likely be the better forum if the goal is to get an injunction.

Finally, the question was brought up whether the UPC will essentially *"end up being a German court on steroids"*. The panel seemed to be a bit uncertain or divided on this one. It was rightly observed that even the panels of the LD Munich do not only consist of German judges. The UPC will always sit in a multi-national composition and it is to be assumed that the respective national approaches and usances will slowly merge into a unique "UPC practice".

At the same time, humans and businesses like predictability. Thus, if a certain court or division of a court has a proven track record of high quality decisions, this is of course immensely helpful to attract further cases. Nonetheless, it was expected that other LDs will adopt very quickly and that the "couleurs locales" will fade out in the years to come.

## Judge Schober Interferes

Walter Schober, who is the Presiding Judge of the LD Vienna of the UPC, was also unable to attend the conference, as he was on the way to Hamburg for a two-day hearing. Nonetheless, he kindly sent Prof Ghafele a pre-recorded YouTube video, which was played to the audience and substantially confirmed the messages reported above and presented further numbers, including for the Court of Appeals (so far 3 final decisions and 13 procedural ones, more to come soon). The working atmosphere in the mixed panels of LQJ and TQJ seems to be excellent. 50% of the decisions are now rendered in English, 44% in German, 6% in other languages. The court now has 61 appointed TQJ over 4 fields.

At the end of his address, Schober J. briefly discussed case CFI 443/2023, a request for PI on the basis of a patent to a hand-held vacuum cleaner having a cyclonic separating apparatus, which was granted.

Interestingly Schober J. mentioned that the number of arguments against the patent's validity in PI proceedings must be reduced to the best three from the defendant's point of view, because a full review of all invalidity arguments will not be possible. In the case at stake, the LD Vienna concluded, after hearing these three "best" arguments, that they were still not good enough and that the subject-matter of claim 1 is novel and inventive.

Mr. Schober received a round of applause for his pre-recorded statement. Unfortunately, he was not able to hear any of it and thus also missed J. Brinkman's friendly quip about him, which I will not reproduce here. There must be a reason to attend to such conferences in person.

## FRAND Panel

The topic of the next panel was FRAND Licensing Rate determination, Transparency, Willing and Unwilling licensees.

*Transparency* was defined to mean (mainly) that the patent owner should disclose his previous behaviour (previous deals, existing agreements etc). However, it was pointed out by Thomas Dreiser (Huawei) that transparency goes in both directions. True, the requirement is that the SEP holder must disclose existing agreements etc. But since the final result is the conclusion of a license agreement, the licensee must also disclose certain information: sales numbers, countries of sale, etc. A certain level of trust between the parties is required to this extent.

One panelist observed that we now have a situation in the UPC where SEP cases are pending before different LDs, e.g. Munich and Mannheim. Same requests for disclosure were filed, but the outcomes were different. The LD Munich granted more or less full disclosure, whereas the LD Mannheim took the view that it might not be necessary to require this from the outset. Ultimately, this question will have to be settled by the CoA.

*Willingness* was defined as the general assessment of whether a licensee is willing to take a license on whatever terms are considered FRAND.

In the US, this seems to play much less of a role than in the EU.

The UPC concluded that the willing licensee has to take the license under FRAND terms. However, the court did not and will not look at the offers and counter-offers, unless the patentee can be suspected not to be acting under FRAND conditions and/or if the implementer has made a FRAND counteroffer.

What can we learn from UPC's first orders? There is a reference to willingness as well. The UPC will consider this as an antitrust defense. German UPC judges may be prompted take the same view as the Federal Court of Justice in Huawei vs. ZTE. But we will have to wait for the CoA before we will have clarity on this question.

Judge Rader (previously Chief Judge of the CAFC), interjected from a US perspective:

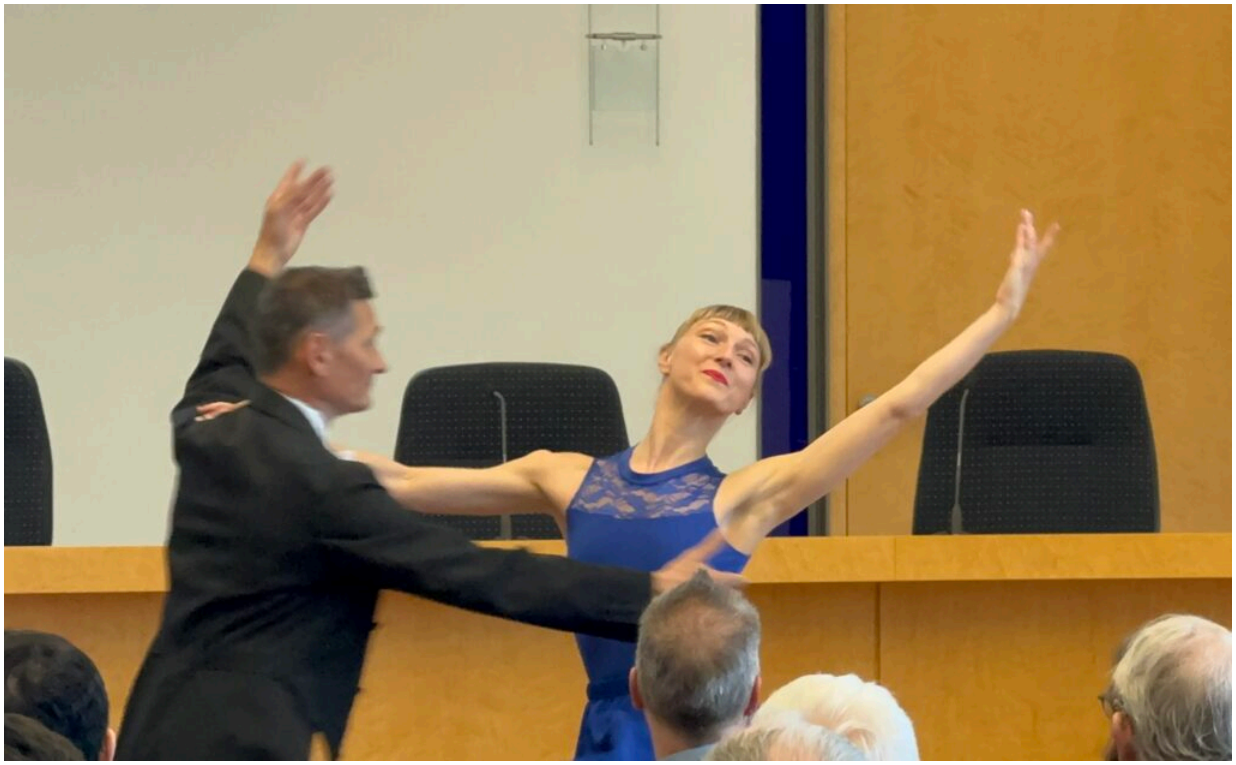
> „How can you discuss willingness at all? The patentee is always willing to grant a license under high rates. The implementer is always willing to take a license at a low rate."

US Courts will therefore first examine whether the first offer is FRAND, and only if they have come to this conclusion, then they will discuss willingness to take a license under these terms. In most cases, though, the "only" problem is to find the right FRAND rate. But this seems to be pretty tricky.

## Two Dances and an Apology

I just realize that I cannot continue at this level of detail for the other panels; it would be too much for a blog. Let me therefore finish with a few notes on the panel about IP Business and

Sustainability and an apology to all the other excellent contributors on other subjects, particularly SEP disputes and the Proposed EC Regulation on SEPs, as well as the patent dance according to the CJEU's decision Huawei v. ZTE. Apropos dancing, the very interesting day was crowned by a ballet: Two brilliant artists from the ballet of the Volksoper Wien performed the waltz "An der schönen blauen Donau" by Johann Strauß.



## Sustainability

The panel on sustainability consisted of Tasneem Brogger, Senior Journalist at Bloomberg, Filip de Corte from Syngenta, Konstantinos Karachalios from IEEE (previously he was working for the EPO) and, last but not least, Prof. Roya Ghafele, who expressed that this subject is a matter of heart for her.

Tasneem explained that her day job includes reporting on how banks make wonderful financial products for business on a trajectory to net zero technologies, i.e. in the "race in the interest of humanity", as she put it.

Filip stated that his firm is very interested in sustainability. One of the problems they have is that sustainability is difficult to measure. For example, Syngenta makes agrochemicals. 25% of greenhouse emissions are due to agriculture. Cows are partly responsible for this, but when you grow rice in the classic way, this will result in certain bacteria switching to their anaerobic mode and producing methane. Syngenta are trying to develop solutions to solve these problems and use patents to protect them.

Roya emphasized that there is lack of awareness about what patents can do to help innovation and promote sustainability. The IP community seems to be pretty absent from the discourse about sustainability. Roya thinks that we need to fill this mismatch and help to bridge the gap. How can patents be used, and how are they used to stimulate innovation in this field?

Konstantinos from the IEEE presented the – perhaps not uncontroversial – opinion that while a

single patent is no obstacle to innovation, the patent system as such is. The current patent system would betray its promise, i.e. to promote technological progress by early disclosure of new technologies. There are simply too many patents out there.

One member of the audience asked the panel whether this debate is at all relevant in practice?

Roya answered:

> Yes, we can use patents and technology to make a change. Why are we not seeing more corporate engagement in this field? Industry is doing a lot in other fields (where they engage to promote social responsibility), why not in the patent field?
>
> If we are not engaging in sustainable progress, then there are two dangers: disappropriation of relevant patents; and bad image of the innovative industry. It might therefore be prudent to use patents as a tool to promote sustainable technologies to assist mankind to manage the change to CO2 neutrality.

Filip added to this that patent quality is one of the issues that they have:

> We are saying, please examine our patents, please object if the scope of the claims is not commensurate with the progress over the prior art. Please give us good patents, not many. Only good patents serve the purpose of the patent system.

Roya stated that financial markets will appreciate the contributions industry makes in these sectors, but they should be more visible. So far, patent departments have not been making the big point how THEY have contributed to society. Patents are just used to make money, but there should be a further perspective from which to look at them.

On quality, Konstantinos agreed with Filip, adding that in case of doubt, the examiner should decide *pro publica* (in the public interest), i.e. rather not allow the patent.

Roya concluded that attendees and in particular industry should take this as a positive message – how can we achieve more positive publicity for IP and how can we assure that patents covering new ‚green' technologies are used for the benefit of the public? If industry is able to generate a positive image by innovations and IP protecting them, this could then be leveraged on the financial markets.

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